

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-second Legislature – Second Regular Session

MINUTES RECEIVED
CHIEF CLERK'S OFFICE

2-4-16

COMMITTEE ON BANKING AND FINANCIAL SERVICES

Report of Regular Meeting
Tuesday, February 2, 2016
House Hearing Room HHR 3 -- 2:00 p.m.

Convened 2:01 p.m.

Recessed

Reconvened

Adjourned 3:35 p.m.

Members Present

Mr. Allen, J
Mr. Espinoza
Mr. Farnsworth, E
Mrs. Gabaldon
Ms. McCune Davis
Mrs. Norgaard
Mr. Weninger, Vice-Chairman
Mrs. Brophy McGee, Chairman

Members Absent

Agenda

Original Agenda – Attachment 1

Request to Speak

Report – Attachment 2

Presentations

Name

None

Organization

Attachments (Handouts)

Committee Action

Bill

Action

Vote

**Attachments (Summaries,
Amendments, Attendance)**

HB2271	DP	7-0-0-1	3, 4
HB2302	DP	8-0-0-0	5, 6
HB2303	DP	8-0-0-0	7, 8
HB2381	DPA	8-0-0-0	9, 10, 11, 12
HB2448	DP	8-0-0-0	13, 14
	Committee Attendance		15


Sarah Griffith, Chairman Assistant
February 4, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

CONV. 2:01 p.m

ADJ. 3:35 p.m.

ARIZONA HOUSE OF REPRESENTATIVES
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REGULAR MEETING AGENDA

COMMITTEE ON BANKING AND FINANCIAL SERVICES

DATE Tuesday, February 2, 2016

ROOM HHR 3

TIME 2:00 P.M.

Members:

Mr. Allen J
Mr. Espinoza
Mr. Farnsworth E

Mrs. Gabaldón
Ms. McCune Davis
Mrs. Norgaard

Mr. Weninger, Vice-Chairman
Mrs. Brophy McGee, Chairman

Bills	Short Title	Strike Everything Title
HB2271	<u>DP</u> universities; commercial paper (Livingston, Thorpe: Brophy McGee, et al)	
	<u>7-0-0-1</u> BFS, RULES	
HB2302	<u>DP</u> securities; issuers; website operators (Weninger: Allen J, Brophy McGee, et al)	
	<u>8-00-0</u> BFS, RULES	
HB2303	<u>DP</u> exempt transactions; securities registration (Weninger: Allen J, Brophy McGee, et al)	
	<u>8-0-0-0</u> BFS, RULES	
HB2381	<u>DPA</u> credit unions; meetings; actions (Farnsworth E)	
	<u>8-0-0-0</u> BFS, RULES	
HB2448	<u>DP</u> audits; accountants; reciprocity privilege (Mitchell, Borrelli, Cardenas, et al)	
	<u>8-00-0</u> BFS, RULES	

ORDER OF BILLS TO BE SET BY THE CHAIRMAN

SG
1/28/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

Attachment 1

Information Registered on the Request to Speak System

House Banking and Financial Services (2/2/2016)

HB2271, universities; commercial paper

Testified in support:

Kody Kelleher, AZ BOARD OF REGENTS; Dr. Morgan Olsen, representing self

Support:

Joan Koerber-Walker, representing self; Ryan Boyd, representing self; Savannah Harrelson, representing self; Katy Yanez, NORTHERN ARIZONA UNIVERSITY; Sabrina Vazquez, UNIVERSITY OF ARIZONA; Abigail Polito Hawkins, AZ STATE UNIVERSITY; Maryann Hoang, representing self; Garrick Taylor, Arizona Chamber Of Commerce And Industry; Eric Emmert, East Valley Chambers Of Commerce Alliance ; Ernesto Hernandez, representing self; Corina Tapscott, representing self; Emily Scott, representing self; Jade Yeban, representing self; Rilee Robinson, representing self; Jackson Dangremond, representing self; Eric Fassbender, representing self; Veronica Monge, representing self

Neutral:

Kaitlyn Swift, representing self

All Comments:

Ryan Boyd, Self: As an ASU Downtown student, I support allowing ABOR to issue commercial paper as a way to help make our universities efficient and potentially pass those cost savings on to students or improve the quality of our infrastructure.; Kody Kelleher, AZ BOARD OF REGENTS: This is an ABOR bill supported by the board and all three public universities.; Savannah Harrelson, Self: As a student, I support this bill because it will help bring down operational costs. Any way we can save money as a university will hopefully help students in their costs low.; Abigail Polito Hawkins, AZ STATE UNIVERSITY: .; Maryann Hoang, Self: As a student, I am in support of HB2271 because I feel that ABOR has the best interests of the students in mind when making decisions to reduce some of the costs the universities face.; Ernesto Hernandez, Self: As a student, I stand for HB2271 because it can save students and taxpayers money. There are very low interest rates when it comes to using commercial paper to bridge financing. Using commercial paper can save us money on a short-term basis.; Corina Tapscott, Self: The student government Downtown supports this as it will save help our universities save much needed dollars that can in-turn feed back to the students. The best part is this has no impact on the General Fund. Please, invest in us.; Emily Scott, Self: Being an out of state student, I am already faced with an extremely expensive cost for tuition. Raising the cost of tuition even more than it already is would impact many students abilities to earn a college education, including myself.; Jade Yeban, Self: As an out of state student at ASU, I support HB2271 as I believe it will assist ABOR better invest in students. Education allows society to grow successfully so please, invest in us.; Rilee Robinson, Self: As a student this bill is incredibly important. It will allow the universities to find cheaper credit and make smart investments in the university. It will save higher education and taxpayers money.; Jackson Dangremond, Self: After a debate in the Senate meeting, the Undergraduate Student Government at the Downtown Phoenix Campus has decided to support the bill because CP may serve as a vital tool in fixing our infrastructure as a institution.; Dr. Morgan Olsen, Self: VP and CFO of Arizona State University; Veronica Monge, Self: In support of this bill allows us to save on costs for students and tax payers

HB2302, securities; issuers; website operators

Testified in support:

Lyn Harry White, AZ Small Business Association

Support:

Steven Zylstra, representing self; Garrick Taylor, Arizona Chamber Of Commerce And Industry; Ronald Joseph Schott, representing self; Dianne McCallister, Arizona Technology Council

All Comments:

Steven Zylstra, Self: The Arizona Technology Council supports this bill.

HB2303, exempt transactions; securities registration

Testified in support:

Lyn Harry White, AZ Small Business Association

Support:

Steven Zylstra, representing self; Garrick Taylor, Arizona Chamber Of Commerce And Industry; Dianne McCallister, Arizona Technology Council

All Comments:

Steven Zylstra, Self: The Arizona Technology Council strongly supports this bill.

HB2381, credit unions; meetings; actions

Testified in support:

Susie Stevens, Mountain West Credit Union Association; Austin De Bey, MOUNTAIN WEST CREDIT UNION ASSOCIATION

Neutral:

Tamilee Smull, representing self

All Comments:

Tamilee Smull, Self: manager with DFI, technical

HB2448, audits; accountants; reciprocity privilege

Support:

Ryan DeMenna, Arizona Society Of CPA's



HOUSE OF REPRESENTATIVES

HB 2271

universities; commercial paper

Prime Sponsor: Representative Livingston LD 22

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

HB 2271 enables the Arizona Board of Regents (ABOR) to issue commercial paper and obtain lines of credit.

PROVISIONS

1. Authorizes ABOR to issue commercial paper to provide short term financing for capital projects, pay expenses, or provide for payment of commercial paper or other obligations previously issued.
2. States the commercial paper may be issued as notes or other obligations, to be issued as a single instrument or as a succession of instruments, which matures in less than 270 days.
3. Allows commercial paper to be issued pursuant to a resolution of ABOR or an ABOR authorized agreement.
4. Specifies ABOR's repayment obligations on commercial paper may be payable:
 - a. By a pledge of fees, tuitions, rentals, and other charges, rentals from any facility or building, or interest and earning on investments;
 - b. From amounts budgeted by ABOR for the current fiscal year.
5. Requires that commercial paper payable from amounts budgeted by ABOR to provide that:
 - a. The obligation of ABOR to make any payments related to the commercial paper is a current expense and is not a general obligation indebtedness of ABOR or this state; and
 - b. The obligation to make payments for commercial paper ceases at the end of the current fiscal year, and ABOR and the state are relieved of any subsequent payment obligation if ABOR fails to budget for any periodic payments or renewal terms for any future fiscal year.
6. Directs ABOR to establish a final maturity date and a maximum rate of interest for commercial paper.
7. States individual instruments for commercial paper may:
 - a. Bear interest not exceeding the established maximum rate,
 - b. Mature and be retired at intervals ending no later than the final maturity date, and
 - c. Retire with the proceeds of bonds or other obligations.
8. Allows commercial paper to be sold through an agent or dealer that is recognized in municipal finance.
 - a. Outlines other terms and conditions of commercial paper.
9. Permits ABOR, in connection with commercial paper requirements, to:

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Banking and Financial Services

HB 2271

- a. Contract with a bank, insurance or indemnity company to provide additional security for the commercial paper.
 - b. Pay the costs of the additional security from amounts provided by the commercial paper or from other available sources.
10. Prohibits the payment of interest in excess of the established maximum interest rate for commercial paper or a different established maximum interest rate for the reimbursement obligation.
 11. States the reimbursement obligation may be payable from the same source as the commercial paper or other available monies of ABOR, but may not constitute a general obligation of ABOR or the state.
 12. States the Joint Committee on Capital Review is not required to review or approve the issuance of commercial paper.
 13. Requires any commercial paper issued by ABOR to be repaid within 270 days.
 14. Directs ABOR to provide the President of the Senate, the Speaker of the House and the Governor, a report on any commercial paper issued during the previous fiscal year, before November 15 of each year.
 15. Authorizes ABOR to obtain lines of credit for cash management or liquidity purposes.
 16. Makes technical changes.

CURRENT LAW

A.R.S. § 15-1682 prescribes certain powers to ABOR which include:

- a. Acquire financing for operating and maintaining facilities,
- b. Acquire by purchase, lease, or contract real or personal property.
- c. Accept grants, subsidies, or loans from a federal agency.
- d. Borrow monies, issue and refund bonds, and provide for the security and payments of such bonds.

A.R.S. § 15-1683 allows ABOR to issue bonds for an institution provided the projected debt service on bonds for an institution do not exceed 8% of the institution's total projected expenditures and mandatory transfer, and the project to be acquired with the proceeds of the bonds is reviewed by the Joint Committee on Capital Review.

ADDITIONAL INFORMATION

According to the Federal Reserve, *commercial paper* consists of short-term, promissory notes issued primarily by corporations with maturities of up to 270 days but averaging about 30 days. Commercial paper is exempt from SEC registration if its maturity does not exceed 270 days.

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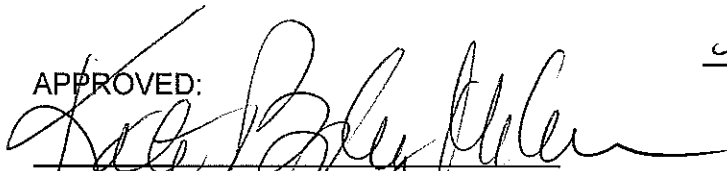
ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2271

DATE February 2, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza		✓			
Mr. Farnsworth E		✓			
Mrs. Gabaldón					✓
Ms. McCune Davis		✓			
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		7	0	0	1

APPROVED:


KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 4



HOUSE OF REPRESENTATIVES

HB 2302

securities; issuers; website operators

Prime Sponsor: Representative Weninger LD 17

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

HB 2302 exempts securities that are offered and sold through a website that is operated by the issuer of the security from statutory registration requirements.

PROVISIONS

1. Extends the securities transaction exemption relating to the offer or sale of a security to securities that are sold through an internet website that is operated by the issuer of the securities sold.
2. Adds certain prohibitions do not apply to a website operator that is the issuer of securities offered or sold under the exemption.

CURRENT LAW

A.R.S. § 44-1844 exempts certain securities and securities transactions from statutory registration requirements. Specifically, provides an exemption for intrastate crowdfunding offerings. In order to qualify for this exemption the issuer must meet certain criteria, which includes selling the security exclusively through an internet website that is operated by a registered dealer. Additionally, under the exemption, the website operator may not be a purchaser in any offering and may not hold an interest in or be affiliated with any issuer making an offer or sale.

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ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2302

DATE February 2, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza		✓			
Mr. Farnsworth E		✓			
Mrs. Gabaldón		✓			
Ms. McCune Davis		✓			
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		8	0	0	0

APPROVED:


KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 6



HOUSE OF REPRESENTATIVES

HB2303

exempt transactions; securities registration
Prime Sponsor: Representative Weninger LD 17

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

HB 2303 extends the securities transaction exemption relating to the issuance and delivery of securities from statutory registration requirements to a limited liability company or limited partnership.

PROVISIONS

1. Exempts, from statutory registration requirements, transactions relating to the issuance and delivery of securities of a limited liability company or limited partnership provided:
 - a. The securities are not acquired by the organizers or general partners for the purpose of selling to others, and
 - b. The securities are not sold to a third-party within 2 years unless an organizer or general partner experiences a bona fide change of financial circumstance and notifies the other organizers or partners the right to review the financial book and records of the business.

CURRENT LAW

A.R.S. § 44-1844 exempts certain securities and securities transactions from statutory registration requirements. Specifically, provides an exemption for transactions of the issuance and delivery of securities of a corporation to the original incorporators, where the securities are not acquired for the purpose of sale to others or sold to a third-party with the exception of a bona fide change of financial circumstance.

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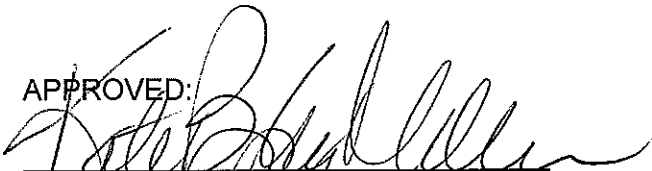
ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2303

DATE February 2, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza		✓			
Mr. Farnsworth E		✓			
Mrs. Gabaldón		✓			
Ms. McCune Davis		✓			
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		8	0	0	0

APPROVED:


KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 8



HOUSE OF REPRESENTATIVES

HB 2381

credit unions; meetings; actions

Prime Sponsor: Representative Farnsworth E LD 12

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

HB 2381 authorizes a credit union's board of directors (BOD) to vote electronically and removes the investment cap on fixed assets.

PROVISIONS

Electronic Voting

1. Authorizes the BOD to take action without a meeting by electronic means provided a notice is given to each board member.
 - a. The notice must state the action to be taken and the time the director has to respond.
2. Stipulates action may be taken by electronic means if both of the following apply:
 - a. The votes received by electronic means and that are in favor of the action equal or exceed the minimum number of votes that would be necessary to take the action at a meeting at which all of the members were present and voted, and
 - b. The credit union has not received a written demand that an action not be taken without a meeting by a director.
3. States any director may demand an action not be taken without a meeting by delivering a signed writing to the president or secretary before the date in the notice requesting electronic voting.
4. Assets action taken by electronic means:
 - a. Has the same effect as action taken at a BOD's meeting, and
 - b. Must be included in the minutes of the BOD's next meeting.
5. Specifies all communication may be done by electronic means and each director's vote must be signed using an electronic signature employing a *security procedure* as defined in statute.

Board of Directors

6. Requires the BOD to meet annually at least 10 times in 10 different months.
7. Authorizes an officer, director, or committee member to receive compensation for services to the credit union.
8. Maintains that reasonable life, health, accident, and similar insurance protection is not considered compensation.
9. States an officer, director, or committee member may be reimbursed for necessary expenses associated with related duties.

Miscellaneous

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Banking and Financial Services

Attachment 9

HB 2381

10. Removes the 5% cap on capital investments a credit union makes in fixed assets.
11. Makes technical and conforming changes.

CURRENT LAW

Title 6, Chapter 4, A.R.S., governs the formation, powers, and authority of a BOD. Currently, directors are prohibited from voting by proxy, absentee ballot, or by mail; however, a vote may be taken by a conference call if all directors present can speak to and be heard by one another.

A.R.S. § 6-577 prescribes a credit union's authorized investments which include, certain securities, shares, stocks, and fixed assets. A credit union is limited to investing up to 5% of its capital in fixed assets, except with written approval of the superintendent of the Department of Financial Institutions.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2381

(Reference to printed bill)

1 Page 2, between lines 32 and 33, insert:

2 "Sec. 5. Title 6, chapter 4, article 6, Arizona Revised Statutes, is
3 amended by adding section 6-559, to read:

4 6-559. Savings promotion accounts

5 NOTWITHSTANDING ANY OTHER LAW, A CREDIT UNION MAY OFFER A SAVINGS
6 PROMOTION ACCOUNT THAT IS A SAVINGS ACCOUNT OR CERTIFICATE OF DEPOSIT THAT
7 INCLUDES AN INCENTIVE IN WHICH THE SOLE REQUIREMENT TO OBTAIN THE INCENTIVE
8 IS THE DEPOSIT OF A SPECIFIED AMOUNT OF MONEY IN THE ACCOUNT."

9 Renumber to conform

10 Amend title to conform

EDWIN W. FARNSWORTH

2381FARNSWORTH E
01/28/2016
08:13 AM
H: pb/ajh

Adopted ☒ # of Verbals _____
Failed _____ Withdrawn _____
Not Offered _____ Analysts Initials _____

ARIZONA HOUSE OF REPRESENTATIVES
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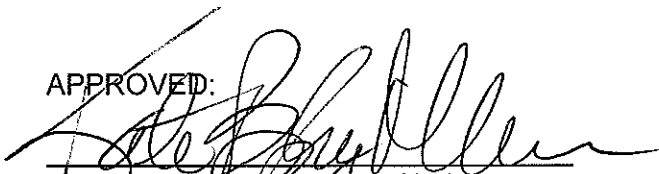
ROLL CALL VOTE

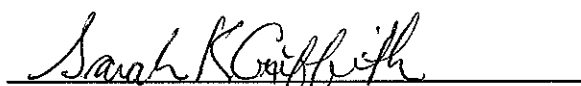
COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2381

DATE February 2, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza		✓			
Mr. Farnsworth E		✓			
Mrs. Gabaldón		✓			
Ms. McCune Davis		✓			
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		8	0	0	0


APPROVED:


KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 11

Could lottery-like prizes boost savings rates?

 Russ Wiles, The Republic | azcentral.com 7:22 p.m. MST January 30, 2016

Deposit accounts that offer customers a chance to win prizes can encourage sound saving behavior among financially vulnerable people.



(Photo: Getty Images/iStockphoto)

Story Highlights

- Big lottery jackpots create a buzz that can encourage people to save more money
- Nineteen states now allow banks and credit unions to promote savings with raffles for prizes
- An emergency fund can keep lower-income people from turning to payday lenders and pawnshops

Given how much excitement a big lottery can generate, it's no surprise that financial institutions are starting to tap into jackpot fever by sponsoring contests that encourage savings.

A small number of banks and credit unions are dangling cash or possibly other prizes like vacations to encourage people to place money into savings accounts. People who make deposits receive tickets for monthly, quarterly or annual raffles held by the institutions — and a chance to pick up maybe \$100 to \$10,000 or so.

Prize-linked savings accounts, which have been utilized in places like the United Kingdom for decades, are starting to pop up in this country. They're seen as a fun way to entice people, especially novices and low-income individuals, to become steady savers.

Encouragement is needed, considering that nearly half of Americans lack meaningful rainy-day funds. Some 44 percent of U.S. households, and nearly 46 percent in Arizona, don't have enough in reserve to meet three months of expenses, said the Corporation for Enterprise Development in a new report at cfed.org. A lack of cash reserves is a significant reason so many people become financially stressed. Without emergency savings, a surprise car-repair bill or job setback can force someone to max out on credit cards or resort to high-fee auto-title loans, payday lenders or pawnshops.

Prize-linked savings accounts can help. Nineteen states including Arizona, Illinois, Michigan, New York, South Carolina and Washington have eased regulations to allow financial institutions to hold private lotteries for customers, according to CFED, a group that supports policies that aim to lift people out of poverty. The American Savings Promotion Act, which became law in December 2014, removed federal barriers.

Arizona credit unions have been discussing these programs, though none offer them currently, said Patti Hazlett, a spokeswoman for the Mountain West Credit Union Association.

In these programs, banks and especially credit unions offer accounts with low-balance requirements and little or no fees. Customers who deposit money qualify for drawings or raffles. The chance to win provides an element of fun to encourage sound financial behavior. Depositors "are more likely to save money when they have some type of incentive," said Solana Rice, an associate director at CFED. Savers often don't earn interest, since these are low-balance accounts, but that's not a huge factor given current low yields and the small dollars involved.

If you participate and win, you won't be able to quit your job or buy a mansion — the prizes aren't that big. But reaping a few hundred bucks is better than nothing and can be significant for people living on the edge.

A program called "Save to Win" from the D2D Fund at d2dfund.org helps credit unions design programs featuring prize-linked savings accounts. In 2014, 58 credit unions participated in four states — Michigan, Nebraska, North Carolina and Washington. Slightly more than 16,000 people made deposits, with more than 3,200 splitting \$300,000 in prizes, or almost \$100 on average. Account holders tended to stay in a savings mode. Most savers finished the year with balances in the range of \$1,100 to \$3,000 — hardly big bucks, but a good start.

The concept of prize-linked savings accounts received a favorable review in a study last year by researchers at Harvard University, Northwestern University and the University of Oxford. The researchers studied a program at a South African bank and found that prizes tended to "generate a local buzz" that encouraged people to deposit money.

Such incentives seem to appeal particularly to people living near or in poverty, for whom a prize of several hundred or a few thousand dollars could be significant. The researchers found that winners often increased their balances beyond what they won in prizes and that the programs didn't "cannibalize" savings in other bank accounts, meaning that they brought in new money.

"Our evidence shows that there is a potentially large group of consumers whose savings patterns might be enhanced if given a chance, however remote, of winning a life-altering prize," the report said.

Having a savings account isn't the silver bullet for achieving financial success. Other key determinants include having a good education, medical coverage and a well-paying job, avoiding costly borrowing, contributing to retirement accounts and owning homes. But emergency savings are the first line of defense against potential financial disasters. Encouraging rainy-day funds is an admirable goal, even if it involves tapping into a gambling mindset.

Report shows mixed progress

A larger percentage of Americans, and slightly more Arizonans, continue to struggle financially, according to the latest annual scorecard from the Corporation for Economic Development, which aims to help people emerge from poverty, especially African-Americans and Latinos.

Among positive findings, for example, Americans have been making progress in staying current on debt payments, and nearly half of households, 49 percent, now have prime credit scores of 720 or above on the standard FICO range from 300 to 850. Also, bankruptcy filings have dropped, and unemployment has declined.

Yet many Americans remain underemployed or stuck in minimum-wage jobs, while retirement accounts remain elusive for many people. Also, fewer Americans own homes, which makes them vulnerable to rent increases in a tight market and prevents them from building housing equity. The nation's homeownership rate has slipped to 63 percent from a pre-recession peak of 67 percent, the report noted. It's even lower, 61 percent, in Arizona.

Also, about 28 percent of Americans (and 30 percent of Arizonans) make use of relatively costly payday-lending services, auto-title loans, pawnshops and the like, often because they lack mainstream checking and savings accounts. Using traditional bank accounts often represents a key first step toward budgeting, building credit and improving one's financial situation.

Reach Wiles at russ.wiles@arizonarepublic.com or 602-444-8616.



HOUSE OF REPRESENTATIVES

HB 2448

audits; accountants; reciprocity privilege

Prime Sponsor: Representative Mitchell LD 13

X Committee on Banking and Financial Services

Caucus and COW

House Engrossed

OVERVIEW

HB2448 allows a certified public accountant (CPA) who has a limited reciprocity privilege to perform certain audits and financial reviews.

PROVISIONS

1. Authorizes a CPA who has a limited reciprocity privilege to perform an audit or financial review with regards to:
 - a. Credit unions
 - b. Municipalities
 - c. Renewable energy tax incentive
 - d. Qualified facility income tax credit
 - e. School Tuition Organizations (Corporate and Individual)
2. Requires the Arizona Department of Administration and local governments to include in its database containing revenues and expenditures a comprehensive annual financial report made by a CPA who has a limited reciprocity privilege.
3. Reduces the number of copies of an audit report that a municipality must have on file from four to three.
4. Makes technical and conforming changes.

CURRENT LAW

In order to qualify for a limited reciprocity privilege, an individual must have a principal place of business outside the state, hold a valid registration, certificate, or license as a CPA issued by another state, and meet the qualifications for CPA licensure in this state. An individual who exercises a limited reciprocity privilege must comply with statutory rules and regulations regarding CPAs.

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ROLL CALL VOTE

COMMITTEE ON BANKING AND FINANCIAL SERVICES BILL NO. HB 2448

DATE February 2, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Mr. Allen J		✓			
Mr. Espinoza		✓			
Mr. Farnsworth E		✓			
Mrs. Gabaldón		✓			
Ms. McCune Davis		✓			
Mrs. Norgaard		✓			
Mr. Weninger, Vice-Chairman		✓			
Mrs. Brophy McGee, Chairman		✓			
		8	0	0	0

APPROVED:


KATE BROPHY MCGEE, Chairman
JEFF WENINGER, Vice-Chairman


COMMITTEE SECRETARY

ATTACHMENT 14

ARIZONA STATE LEGISLATURE
 Fifty-second Legislature - First Regular Session
COMMITTEE ATTENDANCE RECORD

COMMITTEE ON BANKING AND FINANCIAL SERVICES

CHAIRMAN: Kate Brophy McGee VICE-CHAIRMAN: Jeff Weninger

DATE	1/19 /16	2/2 /16	/16	/16	/16
CONVENED	2:37 p.m.	2:01 p.m.	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	3:14 p.m.	3:35 p.m.			
MEMBERS					
Mr. Allen J	✓	✓			
Mr. Espinoza	✓	✓			
Mr. Farnsworth E	✓	✓			
Mrs. Gabaldón	✓	✓			
Ms. McCune Davis	✓	✓			
Mrs. Norgaard	✓	✓			
Mr. Weninger, Vice-Chairman	✓	✓			
Mrs. Brophy McGee, Chairman	✓	✓			

✓ Present --- Absent exc Excused